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As the Chair and Vice Chair of the Board of Directors of the nonpartisan National Academy of Social Insurance, and its Chief Executive Officer, the following is a follow up to the statement issued last month (<https://www.nasi.org/press/releases/2020/08/keeping-payroll-tax-holiday-becoming-permanent-vacation>).

In a year of unprecedented pandemic-induced economic distress, adopting a Social Security “payroll tax holiday” without explicitly stating how any revenue shortfall will be financed, and proposing to make it permanent set the stage for the erosion of the economic security of millions of Americans, without bringing meaningful relief for unemployed workers, are unwise and threaten economic security for so many.

Social Security benefits represent about 33% of the income of current recipients.

- Among older Social Security beneficiaries, 50% of married couples and 70% of unmarried persons receive 50% or more of their income from Social Security.

- Among these beneficiaries, 21% of married couples and about 45% of unmarried persons rely on Social Security for 90% or more of their income.

- For more than 80 percent of disabled worker beneficiaries, Social Security is their main source of income; for roughly one-third, it is their only source of income.

- Social Security also benefits millions of survivors and dependent children.

The social insurance model, on which Social Security was founded over 85 years ago, is fundamental to its success and popularity as a pillar of the nation’s economic security infrastructure.

Transitioning to general revenue financing from dedicated contributions and earmarked trust funds as its primary funding source opens a hornet’s nest that might fundamentally change Social Security. Eliminating the dedicated revenue source dilutes the guarantee that Social Security is an automatic and earned benefit, and might open the

door to the introduction of means testing for eligibility.

Social Security faces financial challenges that need to be addressed, and policies should not be adopted that worsen Social Security's finances. Any major modifications of Social Security should be enacted through Congressional legislation after serious debate and deliberation.

The National Academy of Social Insurance remains committed to increasing public understanding – especially in these distressing times - of how social insurance programs, like Social Security, are critical to economic security for beneficiaries now and today's workers going forward.

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